



Minutes of the 4th GST Council Meeting held on 3-4 November 2016

The fourth meeting of the GST Council (hereinafter referred to as 'the Council') was held on 3-4 November 2016 in the Parliament House Annexe, New Delhi under the Chairpersonship of the Hon'ble Union Finance Minister, Shri Arun Jaitley. The list of the Hon'ble Members of the GST Council who attended the meeting is at Annexure 1. The list of officers of the Centre and the States who attended the meeting is at Annexure 2.

2. In his opening remarks, the Hon'ble Chairperson of the Council welcomed all the members and noted that the earlier meetings had been fruitful but some agenda items from the 3rd Council Meeting were left for consideration. He noted that these agenda items as also the other outstanding work of the Council could be moved forward in the next few meetings.

3. The following six agenda points were taken up for consideration:

1. Confirmation of the Minutes of the 3rd GST Council Meeting held on 18-19 October 2016.
2. Presentation by the Goods and Service Tax Network (GSTN) on the status of development of GST Portal, Data migration/Enrolment plan, Risk factors and mitigation plan.
3. Finalisation of the bands of tax rates under GST regime (Outstanding agenda item from the 3rd GST Council Meeting held on 18-19 October 2016).
4. Provision for Cross-Empowerment to ensure Single Interface under GST (Outstanding agenda item from the 3rd GST Council Meeting).
5. Date of the next meeting of the GST Council.
6. Any other agenda item with the permission of the Chairperson.

Discussion on Agenda Items

Agenda Item 1: Confirmation of the Minutes of the 3rd GST Council Meeting held on 18-19 October 2016

4. The members suggested the following amendments to the draft minutes of the 3rd meeting of the Council –

- i. The Hon'ble Minister from Maharashtra stated that the existing paragraph 10 of the minutes should be replaced by the following –
 'The Hon'ble Minister from Maharashtra stated that apart from Rs. 7,000 crores that his State stood to lose due to subsuming octroi in GST, they would also lose another Rs. 7,000 crores due to removal of Local Body Tax from 1st August 2015 at the instance of the Hon'ble Prime Minister of India. The action was in consonance with GST. As the

State compensated the revenue to the Local bodies, the amount of compensation paid should be considered for the purpose of revenue collected by the State for year 2015-16. Similarly, his State stood to lose Rs. 700 crores due to abolition of Sugarcane Purchase Tax. He stated that his State should not suffer any loss on this count and taxes on account of octroi, Local Body Tax and Sugarcane Purchase Tax should be included in the definition of revenue.' It was agreed to by the Council to replace the version of the Hon'ble Minister's statement recorded in paragraph 10 of the draft Minutes with the formulation as proposed above.

- ii. The Hon'ble Minister from Rajasthan suggested to replace the existing portion in paragraph 44 pertaining to his observation with the following: 'The Hon'ble Minister from Rajasthan mentioned that levy of cess for purposes of compensation was not desirable; instead he felt that a separate higher rate of tax of more than 50% should be imposed on demerit goods. He further observed that in Rajasthan, Bidi was taxed at 65%, Cigarette at 35%, Tobacco at 45% and Pan Masala at 35% and that the State would have to forego substantial revenue of more than Rs. 750 crores if rate on demerit goods was kept at 26%.' Further, he also suggested to add the following in paragraph 31 of the minutes: 'The Hon'ble Minister from Rajasthan mentioned that for calculating the projected growth rate calculation, the average growth rate of best of three years of last five years or average growth rate of last five years may be considered.' It was agreed to by the Council to replace the version of the Hon'ble Minister's statement recorded in paragraphs 44 and 31 of the draft Minutes with the formulation as proposed above. Furthermore, it was also suggested to add the following words before the last sentence of paragraph 60: "The option of having cess in principle was closed and." This suggestion was not agreed to as this paragraph related to the Chairperson's remarks and he had made no such observation as suggested in the above formulation.
- iii. The Hon'ble Minister from Karnataka suggested to add the following in either paragraph 31 or 32 of the minutes: "The Hon'ble Minister from Karnataka stated that, on the lines of the Hon'ble Union Finance Minister's argument that compensating for the loss arising out of reduction of CST would not be as per the Constitutional mandate as enshrined in the Constitutional Amendment, even compensating on the basis of a flat projected revenue growth rate of 14% went against the Constitutional mandate. It did not really compensate the States that have witnessed average revenue growth of more than 14% in past five years, from the loss of revenue due to introduction of GST. He argued that the States should be compensated in accordance with their past revenue performance to honour the spirit of the Constitutional provision." It was agreed to by the Council to add the Hon'ble Minister's version suitably in paragraph 31 or 32 of the draft Minutes with the formulation as proposed above.
- iv. The Hon'ble Minister from Odisha suggested to add in paragraph 34 of the minutes that if the issue regarding the validity of Entry Tax presently being heard by the Hon'ble

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Supreme Court was decided in favour of the States even at a later date, the revenue accruing on this account should be added to the base year 2015-16. The Secretary to the Council stated that paragraph 34 recorded the decision of the Council and the suggestion made by the Hon'ble Minister from Odisha could not be added there. However, it could be added as the view of the Hon'ble Minister of Odisha if a suitable formulation was given in writing by the State. In pursuance of this, a written formulation was received from the Government of Odisha to record the following in Para 13 of the draft Minutes: 'The Hon'ble Minister from Odisha stated that many States were awaiting the verdict of the Hon'ble Supreme Court on the Constitutional validity of the Entry Tax Acts of the States. If the verdict went in favour of States, the Entry Tax for the base year 2015-16, which would be collected later, following the favourable judgement, should be considered in the definition of 'Revenue'.

- v. The Officer from Uttarakhand stated that in paragraph 21, it should be recorded that the exemption of taxes given by the Central Government should also be counted towards the definition of 'revenue' for the base year 2015-16 for the Special Category States referred to in Article 279A of the Constitution. The Secretary to the Council stated that it was not possible to count the revenue foregone of the Central Government towards the definition of 'revenue' of the Special Category States. However, the suggestion of Uttarakhand could be recorded as the view of the State and he requested them to communicate a suitable formulation to the GST Council Secretariat. Subsequently, the following formulation was received with a request to add it in Para-17 after the suggestions of the Hon'ble Ministers of Jammu & Kashmir and Tamil Nadu: 'The officer from Uttarakhand suggested that, for the Special Category States, the definition of revenue should include the exemptions of indirect taxes given by the State Government and the Central Government, in the revenue calculation of the base year 2015-16.'

5. In view of the above discussions, for Agenda item 1, the Council decided to adopt the draft minutes of the 3rd meeting of the Council with the following changes –

- i. To replace the version of the Hon'ble Minister of Maharashtra's statement recorded in paragraph 10 of the draft Minutes with the following: 'The Hon'ble Minister from Maharashtra stated that apart from Rs. 7,000 crores that his State stood to lose due to subsuming octroi in GST, they would also lose another Rs. 7,000 crores due to removal of Local Body Tax from 1st August 2015 at the instance of the Hon'ble Prime Minister of India. The action was in consonance with GST. As the State compensated the revenue to the Local bodies, the amount of compensation paid should be considered for the purpose of revenue collected by the State for year 2015-16. Similarly, his State stood to lose Rs. 700 crores due to abolition of Sugarcane Purchase Tax. He stated that his State should not suffer any loss on this count and taxes on account of octroi, Local Body Tax and Sugarcane Purchase Tax should be included in the definition of revenue.'

- ii. To replace the version of the Hon'ble Minister of Rajasthan recorded in paragraph 44 of the draft Minutes with the following: 'The Hon'ble Minister from Rajasthan mentioned that levy of cess for purposes of compensation was not desirable; instead he felt that a separate higher rate of tax of more than 50% should be imposed on demerit goods. He further observed that in Rajasthan, Bidi was taxed at 65%, Cigarette at 35%, Tobacco at 45% and Pan Masala at 35% and that the State would have to forego substantial revenue of more than Rs. 750 crores if rate on demerit goods was kept at 26%.'
- iii. To add the following in paragraph 31 of the minutes: 'The Hon'ble Minister from Rajasthan mentioned that for the projected growth rate calculation, the average growth rate of best of three years of last five years or average growth rate of last five years may be considered.'
- iv. To add the following in either paragraph 31 or 32 of the minutes: 'The Hon'ble Minister from Karnataka stated that, on the lines of the Hon'ble Union Finance Minister's argument that compensating for the loss arising out of reduction of CST would not be as per the Constitutional mandate as enshrined in the Constitutional Amendment, even compensating on the basis of a flat projected revenue growth rate of 14% went against the Constitutional mandate. It did not really compensate the States that have witnessed average revenue growth of more than 14% in past five years, from the loss of revenue due to introduction of GST. He argued that the States should be compensated in accordance with their past revenue performance to honour the spirit of the Constitutional provision.'
- v. To add the following in paragraph 13: 'The Hon'ble Minister from Odisha stated that many States were awaiting the verdict of the Hon'ble Supreme Court on the Constitutional validity of the Entry Tax Acts of the States. If the verdict went in favour of States, the Entry Tax for the base year 2015-16, which would be collected later, following the favourable judgement, should be considered in the definition of 'Revenue'.
- vi. To add the following in Para-17 after the suggestions of the Hon'ble Ministers of Jammu & Kashmir and Tamil Nadu: 'The officer from Uttarakhand suggested that, for the Special Category States, the definition of revenue should include the exemptions of indirect taxes given by the State Government and the Central Government, in the revenue calculation of the base year 2015-16.'

6. Before taking up the agenda item 2, the Hon'ble Minister from Chhattisgarh raised a general point that letters sent to the GST Council should not go to the public domain as it caused avoidable embarrassment. He suggested that in GST Rules, there could be a provision that letters written to GST Council should not go in the public domain.

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Agenda Item 2: Presentation by the Goods and Service Tax Network (GSTN) on the status of development of GST Portal, Data migration/Enrolment plan, Risk factors and mitigation plan

7. On this agenda item, a presentation was made by Shri Navin Kumar, Chairman, GSTN along with Shri Prakash Kumar, Chief Executive Officer (CEO), GSTN. The presentation broadly covered the status of development of the Information Technology (IT) systems for GST, provided an update on data migration/enrolment and on risk factors and mitigation plan. As regards the IT system, it was informed that M/S Infosys Technologies was selected as the Managed Service Provider (MSP) for GSTN in September 2015 and their scope of work included application, design and development; one-time taxpayer data porting; IT infrastructure procurement, supply, installation and information security; Data Centre (DC) and Disaster Recovery (DR); Hosting Services; Helpdesk and Training. The presentation gave an update of the GST system rollout, which was proposed to be done in three phases. Phase 1 relates to Frontend Services under GST (like taxpayer registration, invoice upload, payment, return, etc.), phase 2 relates to Backend Services under GST for 25 States and Union Territories (like assessment, refund, adjudication, etc.) and phase 3 relates to GST analytics components (business intelligence, management dashboard, etc.). It was informed that Infosys was asked to initiate software development on the basis of draft business processes approved by the Empowered Committee in May 2015 and to go ahead for hardware procurement only after receiving a nod from the Government. It was informed that the order for Hardware was placed in August 2015 after the passage of the Constitution (One Hundred and First) Amendment Act. The software delivery schedule for Phase 1 is divided into 4 releases starting from 8 Nov 2016 and ending in January 2017. It was informed that training of Master trainers would be conducted from 2 January 2017 to 15 February 2017. On migration of existing taxpayers, the Council was informed that all those whose PAN had been verified would be migrated in GST regime. It was further informed that GSTN would be providing to States material like provisional ids and passwords, instruction manual, draft of advertisements, jingles, Computer Based Training Material (CBT) on how to enroll etc. It was further informed that the States might be required to issue a notification under Value Added Tax (VAT) asking taxpayers to provide data for enrolment. The need for quick availability of GST rules relating to Input Tax Credit (ITC), Transitional Provisions, Advance Ruling, Appeal, e-Transit Pass and Composition was highlighted during presentation. While narrating the risk factors, it was pointed out that finalization of the Model GST Law by the end of November 2016 was necessary to allow time for incorporating all changes in the GST system being developed on Model GST Act. It was also pointed out that due to tight timeline, there was no time left for Beta testing with public at large but internal tests mandated under contract shall be carried out by the vendor as well GSTN with help of tax officers.

8. After the presentation, certain questions were asked by the Hon'ble Ministers. The Hon'ble Minister from Tamil Nadu inquired about the location of hardware and it was clarified that the Data Centre (DC) and Near Data Centre (NDC) would be located in Delhi while the Disaster Recovery (DR) and Near Data Recovery (NDR) will be located at Bengaluru. It was also clarified that the backend system was being developed for those States/Union Territories which opted for it and the group of 25 States is called Model-2 States. Originally only 12 States had opted for Model-2 but

subsequently, 8 more States and 5 Union Territories joined it bringing the total to 25. The Hon'ble Minister from Tamil Nadu suggested that the helpdesk of GST should be operated in local languages as well. The Chairman, GSTN clarified that the helpdesk was being operated from a centralized location in Gurugram in English and Hindi and the States were to run their own helpdesk centres in regional languages. He also added that GSTN would assist the States by providing training materials and content for knowledge management (KM) tool, which the States could get translated into local languages. The Hon'ble Minister from Jammu & Kashmir expressed that GST Helpdesk and the State run helpdesks could use common content while being located at two different places. The Secretary to the Council clarified that a centralized call centre would not be able to cope with the workload for the whole country and that local call centres would need to be developed in regional languages. The Hon'ble Minister from West Bengal observed that it was important to have software handshake between the call centre of the States and that of the GSTN so that there was adequate linkage to GSTN's database. The CEO, GSTN clarified that the local call centres would give reply based on the Frequently Asked Questions (FAQs) and user manual shared with the States. In case questions were of a more technical nature, they would be escalated to a senior agent. In case the senior agent was also not able to answer, the query would be transferred to Infosys for providing the answer, which would then added to the FAQ. In case, questions could not be answered even by Infosys expert, the telephone number and email address of the caller would be taken and after consulting tax experts of GSTN, the answers along with question would be incorporated in the KM tool for future use by the call centres.

9. The Hon'ble Minister from Mizoram requested for a hard copy of the presentation and the same was circulated the next day. He also highlighted the problem of internet connectivity in the North Eastern States. The Secretary to the Council informed that on 28 October 2016, a meeting was called which was attended by the officers of the North Eastern States, BSNL and the Department of Telecommunications (DoT). The DoT and BSNL officials promised to look into the problem of connectivity in NE-States. The Hon'ble Minister from Delhi suggested that there should be an offline application for enrolment and it was informed by CEO, GSTN that the same would be ready by the end of November 2016. The Hon'ble Minister from Jammu & Kashmir observed that the DR site should be in two different cities. It was clarified that the DC was located in Delhi while the DR site was in Bengaluru. The Hon'ble Minister from Tamil Nadu expressed that Beta testing should be done before GST rollout. The CEO, GSTN clarified that Beta testing was not being done with the public on account of paucity of time. However, test as mandated in the contract would be carried out. The Hon'ble Minister from Tamil Nadu also enquired regarding the alignment of backend system of 25 States/Union Territories and it was clarified that such alignment was to be achieved through Application Programming Interfaces (APIs). In conclusion, the Hon'ble Chairperson observed that progress of development of IT Systems for GST would be presented before the Council from time to time.

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Agenda Item 3: Finalisation of the bands of tax rates under GST regime (Outstanding agenda item from the 3rd GST Council Meeting)

10. Initiating the discussion, the Secretary to the Council briefly recapitulated the discussion on this issue in the 3rd GST Council Meeting on 18-19 October, 2016. He recapitulated the proposal to have a four rate GST structure and the rates could be 6%, 12%, 18% and 26%. He explained that a slab of 6% was needed for such goods where VAT was being charged at 5% and Central Excise duty on the same goods was Nil. He stated that if such goods put in the 12% rate band, it would adversely affect the poorer sections of the society. He noted that the highest slab of 26% was proposed for such goods which at present cumulatively attracted a duty of 27% (VAT 14.5% and Central Excise duty 12.5%) in addition to the cascading effect and the effect of the Central Sales Tax (CST). He also recalled the suggestion to have a cess to meet the compensation requirement of the States. He clarified that if the estimated compensation requirement of Rs. 50,000 crores was to be raised through the tax route in GST, an additional Rs. 1.72 lakh crores of tax would be required to be levied, as only 29% of the tax collected under GST accrued to the Central Government. He stated that it was desirable that no extra tax burden be put on the common people under GST. He further mentioned that today only few items were being taxed at a rate between 35% to 65% or more and all these items could not be put in a slab of 40%. He informed that internationally, the practice was to keep alcohol, cigarette and petroleum products out of GST tax structure. He suggested to collect a cess and put it in a different kitty for compensation. Any residual amount left in the compensation account after the five year compensation period could be shared in the ratio of 50% each for the Centre and the States. In the 50% share of the States, the amount could be distributed to the individual States based on their share of all-India collection of SGST. He added that after five years, the modality of converting cess into GST could be decided in the GST Council and, if needed, a separate GST rate subsuming the rate of cess could be adopted. The Hon'ble Chairperson added that it was desirable that the tax rate should be inflation neutral and should lead to collection of an amount which was equal to the present tax collection and the projected tax growth.

11. Initiating the discussion, the Hon'ble Minister from Bihar stated that even if taxes were reduced, it was not certain that the manufacturers would pass this benefit to the people as they sold goods at fixed price. He pointed out that the planned expenditure of the Central and the State Governments was increasing and for this, funds are to be generated from taxes. He suggested to tax luxury goods at a rate higher than 26%. He also cautioned that tax on poor should not be so low that revenue generation was adversely affected. He suggested that the proposed 26% rate could be made 28% and 6% rate could be increased to 8%. He also noted that the tax structure should not be very rigid and a holistic view was needed. The Hon'ble Chairperson observed that GST would have some natural advantages such as a single national market, seamless movement of trucks at State borders and elimination of cascading of tax through a seamless flow of input tax credit. He also pointed out that for compensation, a growth rate of 14% had been assumed and overall tax collection might grow at a lower rate. He also pointed to the danger of higher rate of tax leading to greater evasion as seen from the example of high duties of Customs on gold and cigarette making them the most highly smuggled goods. The Hon'ble Minister from Telangana observed that the tax rates should be such that it

promoted compliance. He suggested that luxury goods like luxury cars should be taxed at a higher rate.

12. The Hon'ble Minister from Tamil Nadu recalled that earlier there was a concept of goods of local importance for each States and enquired whether this concept still held good. The Secretary to the Council stated that the list of exempted goods should be common for the country. The Hon'ble Minister from Kerala stated that the issue of compensation should not be mixed with the rate structure. He suggested that the rate structure should be decided first and the issue of compensation could be taken up thereafter. He added that keeping in view the three principles that the tax should be revenue neutral, inflation neutral and distribution neutral, there should be a higher band of 40% as was also suggested in the report of the Chief Economic Advisor. He questioned the logic of taxing the poor at a higher rate by increasing the existing VAT rate of 5% to a GST rate of 6% while reducing the existing combined tax rate of 28% to 26%. He suggested that the lower band of tax rate should be 5% and the upper band rate should be 40%. He observed that the 40% band rate could cover demerit goods, sin goods, luxury goods and fat goods. He also suggested that in the 28% or 40% rate, the States should have a band of rates to choose from. He also suggested that the Council needed to discuss the split up of rates between the Centre and the States and suggested that it should be in proportion of the revenues of the Centre and the States being collected today. The Hon'ble Chairperson observed that the goods covered in the tax bracket of 26%-28% also included items like refrigerators and televisions which were today also consumed by the lower middle classes and taxes on them could not be raised to 40%.

13. The Hon'ble Minister from Jammu & Kashmir observed that while funneling of commodities into the existing tax rates was an administratively convenient tool, it should also be kept in mind that the tax rate structure in India was 60 years old and had large number of exemptions. He pointed out that the Consumer Price Index was adopted in 1974 and it accounted for only 18% of consumption today. He therefore suggested that fixing the goods in different rate slabs should not be reduced to a formula. He noted that goods like mobile phone were no longer items of luxury. He also observed that as Central Government had become more federal and was releasing larger amounts of funds for Panchayats and Centrally Sponsored Schemes, it needed flexibility to raise finances in order to avoid any possible cuts under other heads. He supported a special rate for compensation but not imposition of cess.

14. The Hon'ble Deputy Chief Minister from Delhi supported the idea of raising the 26% rate band to 28% but did not support the proposal of raising the 6% rate band to 8%. He observed that a large number of commodities attracted VAT at the rate of 5%. He also suggested that the items which presently attracted Nil rate of Central Excise or Service tax but State VAT should not be taken to the 12% band. He noted that there was a lot of concern at the proposal to tax gold at 4% and he suggested that it should be reduced to 2%. The Hon'ble Minister from Bihar suggested that the higher rate of tax should be kept at 30% and luxury items should be taxed at 40%. The Hon'ble Chairperson stated that if evasion could be checked by having moderate rates of GST, this would also positively impact Direct Tax collection as more transactions would get accounted in the books of account.

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15. The Hon'ble Deputy Chief Minister of Gujarat suggested to keep tax on diamonds at the rate of 0%, keeping in view the fact that it accounted for export turnover of Rs. 2 lakh crore, provided employment to a large number of people in the diamond cutting and polishing industry and was an environment friendly activity. He also supported a low rate of tax on gold as it was also used by the poorer sections of the society. The Hon'ble Minister from Maharashtra also supported Gujarat's proposal in respect of diamond and gold. He broadly supported the proposed bands of rates but suggested that there should be a separate category of luxury goods and sin goods like tobacco should be charged to tax at 60% and the Centre and the States each should get 30% of tax. The Hon'ble Minister from Rajasthan supported keeping a five band rate structure. He observed that lowering the rate of tax on demerit goods would lead to a loss of revenue of Rs. 800 crores. He observed that normal revenue growth would be in the range of 9% whereas for compensation, a secular growth rate of 14% had been agreed upon. He further stated that a special rate may be kept for demerit goods and that levying cess for generating revenue for compensation for five years was not desirable. He suggested that instead of deciding the special rate after five years, a special rate of tax for demerit goods may be decided at present only. The Hon'ble Chairperson stated that the GST Council should not only have the ownership of fixing compensation but also the ownership of raising compensation.

16. The Hon'ble Minister from Punjab expressed his agreement to the suggested slab of tax rates. However, he added that the principle of fixing tax rate based on the existing bands of taxation should be operated as a principle and not as a rigid rule. The Hon'ble Chairperson agreed that while fixing rates of tax on individual goods, the evolution of the economy and the existing distortions needed to be kept in mind. On the suggestion of having a higher slab rate of 40%, he reiterated that if GST rate was higher, the compensation kitty would be lower. He observed that at this stage, a rate of 26% could be adopted but after five years, it could possibly be increased to 40%. The Hon'ble Minister from Tamil Nadu supported the proposed band rates but suggested another band rate of 40% for demerit goods like tobacco, aerated drinks and luxury cars. He expressed that such an increased tax rate would bring down the compensation load by about Rs. 10,000 crores for States needing compensation. The Hon'ble Minister from Karnataka observed that high GST rates would invite international criticism. He observed that as Direct Tax rates were low in India, multiple rate slabs in GST were needed. He further observed that an unequal society like India could not have only one tax rate. He observed that GST was still beneficial as it simplified the taxation system, prevented cascading and helped in a more efficient economic decision making process. He further observed that if compensation was to come from GST, it would put additional burden on one or the other segment of the society. He therefore supported the idea of delinking compensation from the slab rates. He also observed that all goods presently in the slab of 26% could not be moved to the slab of 40% and creation of one more slab would cause loss of public support. He also agreed with the observation of the Hon'ble Minister from Jammu & Kashmir that if Centre's finances were squeezed, it could adversely affect funding of the Centrally Sponsored Schemes. He also suggested that cess could be continued beyond five years and its proceeds could be shared between the Centre and the States and that this could solve multiple challenges. The Hon'ble Chairperson observed that while some developed countries had two rates in GST other than the exempt category, several other developed countries had multiple rate structure. He observed that in the Indian context, a two band

rate would lead to either a steep increase or a sharp reduction in the tax incidence, and both were not desirable.

17. The Hon'ble Minister from Kerala stated that he strongly objected to lowering tax rate on goods which were currently at higher rates. He suggested that for compensation, resources could be raised through environmental and tobacco cess and any shortfall should be raised from outside GST. The Hon'ble Minister from Karnataka raised a question regarding the legality of cess, particularly if clean energy cess was used for other purposes. The Hon'ble Chairperson observed that this cess was a tax on carbon, and if needed, it could be renamed. He also informed that the Law Ministry had confirmed the legality of levy of cess. The Hon'ble Minister from West Bengal observed that he could see a wider agreement on the table on certain issues. He observed that unprocessed and unpackaged food grains were exempted from VAT in ten States (Assam, Gujarat, Delhi, Kerala, Madhya Pradesh, Rajasthan, Tamil Nadu, U.P., West Bengal and Bihar) and therefore these must remain exempted under GST. He observed that on gold, the cumulative tax in most States was 2% (1% VAT and 1% Central Excise) and increasing the rate to 4% would generate negative feelings in the country. He also observed that a lower rate of tax on gold would encourage compliance and would cater to the concerns of the common man. The Hon'ble Chairperson observed that in the gold sector, the problem was not so much regarding levy of tax but regarding problems of inspection and maintenance of books and accounts. He observed that if tax on gold was to be reduced, some other goods would need to bear this tax burden. The Hon'ble Minister from West Bengal further observed that increasing the existing tax rate of 5% to 6% would adversely affect items like cotton, edible oil, newsprint, spices of all varieties, vegetable oil, micro nutrients, bio fertilizers, etc. He therefore supported the view of the Hon'ble Minister of Kerala that the existing rate of 5% under VAT should be retained instead of raising it to 6%. In respect of goods falling under 26% bracket, he stated that the existing combined rates of tax was higher for goods like air conditioner (27% and with cascading 30.31%), cameras and video cameras (30% and with cascading 30.31%), electric toaster (27% and with cascading 30.31%), paints (30.31% with cascading). He therefore suggested increasing the proposed rate slab of 26% to 28% which would net additional revenue of Rs. 34,724 crores and out of this, Rs. 17,862 crores would fall into the share each of the Centre and the States. He added that the Centre would retain an amount of Rs. 10,395 crores after devolution. He stated that this would be more equitable as the higher rate slab would apply on the wealthier sections of the society and the compensation kitty would be reduced because of taxes going to States. He further observed that presently, the combined rate of tax on normal cars was 38.5% (41.81% with cascading), for luxury cars was 41.5% (44.81% with cascading) and for aerated drinks was 39% (with cascading effect). He suggested to have a rate of 40% tax on luxury cars and aerated drinks. Summing up his proposal, he said that there should be five rates of 0% for food grains, 5%, 12%, 18%, 28% and 40% and the officers should fit the goods into the slabs of 12% and 18% taking into account the inflationary impact. He observed that some logical adjustments could also be done for goods falling in the slab of 28%. He stated that after the officers had carried out this exercise, it should be brought back to the Council for consideration. On gold and diamond, he stated that a view could be taken later on. He further observed that the average combined rate of tax on tobacco was in the range of 60%-65% and the House needed to take a call whether taxation on it should be kept separate from compensation

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and further whether a tax in addition to 40% should be imposed on it, and if so, at what rate. He added that tobacco was truly a sin good which adversely affected the lungs of the human beings. The Secretary to the Council observed that a rate higher than 28% would lead to gain to all States but compensation would be needed for only a few States.

18. The Hon'ble Minister from Assam stated that as the Centre had agreed to pay compensation at a fixed growth rate of 14%, it was important not to restrict Centre's hand in levying cess. He observed that the additional cess could be converted into a GST rate after five years. He supported the proposal to have a band rate of 26% but agreed that this could also be increased to 28%. He added that if tobacco was taxed at 40%, then the Centre would have no room to levy cess. He observed that the total combined tax on tobacco including the cess would remain at the existing level but raising the tax to 40% would create problem for compensation fund.

19. During the lunch break on 3rd November 2016, there was an officer level meeting for one hour to aid the Hon'ble Ministers in deciding whether the proposed slab of 6% could be reduced to 5%; the proposed slab of 26% could be increased to 28%; the proposed slab on gold could be reduced from 4% to 2% and whether a new slab of 40% could be introduced. Post lunch, the Secretary to the Council briefed the Hon'ble Ministers on certain factual aspects the emerged from the officers' discussion. He stated that tax base for proposed 6% slab was estimated to be Rs. 3.66 lakh crores and reducing it to 5% is expected to lead to a revenue loss of around Rs. 3,700 crores. Tax base for 26% slab was estimated to be Rs. 12.83 lakh crores and increasing it to 28% is expected to lead to an additional revenue of around Rs. 25,600 crores. Reducing tax on gold from 4% to 2% would lead to an estimated revenue loss of around Rs. 9,000 crores and if it was reduced to 3%, the estimated revenue loss is expected to be around Rs. 4,500 crores. For aerated drinks, luxury cars and pan masala the total taxable base was estimated to be about Rs. 95,000 crores and the proposed additional 12% over the 28% would yield Rs. 11,000 crores which could entirely go for compensation, if it was levied as cess. On tobacco products the combined average tax rate was 65% (VAT 25%-30% and Central Excise 30%-35%) and the revenue collected by the Central Government from tobacco in 2015-16 was around Rs. 20,000 crores. A cess on tobacco and tobacco products at the rate of 37% (taking the GST rate at 28%) is expected to yield revenue of around Rs. 18,000 crores. The total yield for compensation from the four items, namely aerated drinks, pan masala, luxury cars and tobacco products plus the amount expected from the Clean Environment Cess would be around Rs. 55,000 crores. He further added that cess would be a part of the compensation law and a sunset clause could be introduced there. This would enable the Council to have a fresh look in regard to tax rate on these four commodities after the five year sunset period. He added that an additional slab of 40% would be open to public criticism. He also reminded that cess was to be raised only for a few States who needed compensation and any residual amount after five years would be shared with the States. He added that the Council could take a decision based on the facts as presented.

20. The Hon'ble Deputy Chief Minister of Gujarat suggested that a slab rate of 40% should be made part of GST tax rate instead of a cess. The Hon'ble Minister from Maharashtra supported this

suggestion. The Hon'ble Minister from Tamil Nadu suggested that tax on gold should be reduced from 4% but the Hon'ble Minister from Bihar and Assam opposed this proposal. The Hon'ble Chairperson stated that cess could have a sunset clause and the Council could thereafter decide the GST rate on goods attracting cess. The Hon'ble Minister from Kerala supported the proposal to exempt food grains from tax and to reduce the proposed 6% slab to 5% but suggested that gold should be kept at 4%. He observed that gold was used for consumption as well as for investment purpose for which tax rate did not matter, and if its rate was reduced, tax on some other commodities would have to be raised. He supported the suggestion that products used by the weaker sections of the society should not be taxed at a higher rate of 6% instead of the existing 5% and also supported the idea of increasing 26% rate band to 28%. The Hon'ble Deputy Chief Minister of Gujarat stated that gold should be taxed at 2% and that one should be considerate towards middle classes who were growing in number. The Hon'ble Minister from Kerala suggested that the rate of tax on gold could be decided after the fitment of other commodities in various bands of rates and the evaluation of the revenue outcome of the same. He added that it should not be predetermined that only three commodities should go into the 40% slab. This number could also be decided after the fitment exercise was over. He cautioned against an obsession for revenue neutral rate and observed that more revenue was needed for welfare measures and he noted that many other commodities were taxed at a rate closer to 40%.

21. The Hon'ble Minister from Tamil Nadu stated that as Service tax was proposed to be raised from 15% to 18%, on goods side, duties could be reduced on a significant number of commodities. Gold could be one of them as mangalsutra had important cultural and emotional aspect in his State. He observed that gold was not a pure luxury good and 60% of the bottom part of the population also bought gold. He also added that if luxury goods were brought into the demerit rate, the manufacturing States would stand to gain. The Hon'ble Chairperson stated that many goods presently in the tax bracket of 26%-28% like soap, oil, television, cheaper mobile sets etc. were used by common people and a choice would have to be made whether duty on such goods or on gold should be reduced. He observed that another option regarding gold was to reduce duty of customs on gold on which the Government of India would take a view separately. He further suggested that after observing the experience of the first year, the Council could revisit the rate of tax on gold in the next year. The Chief Economic Advisor observed that it was important to take note that the incidence of tax on the luxury and demerit goods was not proposed to be brought down, though the optics was a different issue. He added that if the highest GST rate was kept at 28%, this could be looked upon as the demerit rate. However, if a 40% rate slab was kept, this would be the demerit rate and 28% would appear to be the standard rate which would look as a very high GST rate regime.

22. The Hon'ble Minister from Jammu & Kashmir observed that no category of goods should be exempt and pandering to cultural sensitivities of different States would become unmanageable. He stated that there should be six rates in GST: 12% and 18% as standard rates, 6% and 26% as subsidiary rates, 0% and 40% as special rates. He observed that over five years, the 40% tax structure could disappear. He stated that exempted category of goods should be avoided. He further suggested to work out average weighted GST rate after fixing the incidence of tax on each item. He

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also suggested that over a period of time, there should be a move towards a three rate structure. The Hon'ble Minister from Telangana suggested that the tax rate for gold could be decided later after working out the loss due to 0% tax for goods used by the poorer sections and 18% tax for goods used by the common people. He suggested to retain the proposed 26% slab and to apply cess on top of that. The Hon'ble Minister from Tamil Nadu suggested that gold and diamond should be treated on the same footing as like the diamond craftsmen in Gujarat, there was a Viswakarma community for gold spread over a wider area of the country.

23. Summing up the discussion, the Hon'ble Chairperson suggested the following bands of rates under GST: One category of items like food grains etc. shall be exempt from GST; a lower rate of 5% for goods consumed by vulnerable sections of the society; standard rates of 12% and 18% and a higher tax slab of 28%; and cess over & above 28%. A Committee of officers shall do the fitment for placing various goods and services into the above tax slabs including the items which shall fall into exempt category. Cess over and above 28% on goods like luxury cars, aerated drinks, pan masala and tobacco products shall be imposed for the purpose of raising resources for payment of compensation to the States on account of any loss of revenue due to implementation of GST. He added that any surplus left in the Cess Compensation Fund would be shared between the Centre and the States and that there would be a sunset clause for imposition of cess after five years. He further suggested that there could be a review every year by the Council to examine what cesses could be subsumed into GST tax. He added that officers would also examine as to what items presently attracting combined tax rate of 28% could be put into 18% slab. He also added that for luxury goods, the present incidence of taxation would be maintained. He further added that the rate of tax on gold could be kept open till the completion of the fitment exercise of goods into bands of 12% and 18% by the officers and reporting back to the Council.

24. In reference to the summing up by the Hon'ble Chairperson, the Hon'ble Minister from West Bengal suggested that the GST rate of 40% could be kept for luxury cars, pan masala and aerated drinks and for tobacco, there could be a GST rate of 40% plus cess. He observed that by this rate structure, all States would get revenue and Centre would also get revenue for compensation. He advised not to be too sensitive about the world opinion as they were democratically elected representatives by the people of India, and in any case, India was a very attractive market. The Hon'ble Chairperson stated that any excess amount from the compensation kitty would be distributed between the States. He added that if at the end of the first year of the GST rollout, amount was found to be spare in the compensation fund, the incidence of cess could be reduced the next year and if there was a shortfall, the incidence of cess could be increased. The Hon'ble Minister from West Bengal reiterated the demand for a 40% tax rate for three items, namely luxury cars, pan masala and aerated drinks. The Hon'ble Chairperson stated that as observed by the Hon'ble Minister from Karnataka, a 40% tax band did not look like a progressive GST and also reminded the theme of the debate in the Parliament during the passage of the GST (Constitutional Amendment) Bill to keep the GST rates reasonable. The Secretary to the Council stated that keeping GST tax rate of 40% on the four products would mean a loss of Rs. 17,000 crores from the compensation kitty which would go to the States. He also added that the present collection from the Clean Environment Cess at the rate

of Rs. 400 per metric ton on coal, lignite and peat might not be sustainable for five years if the international prices of coal increased in future. The Hon'ble Minister from Assam stated that smaller States often depended upon devolution of fund from the Centre to meet their financial deficit and therefore Centre's tax collection needed to be robust. He added that the Hon'ble Chairperson had made a fair proposal of sunset clause for cess and the GST Council would decide the sharing of the surplus amount in the compensation fund. He also reminded that taking the tax and cess together, the consumer was not paying anything less than the existing tax rate. He also reminded that States had got a 14% assured revenue growth for five years. Keeping these facts in mind, he urged to accept the proposal of the Hon'ble Chairperson.

25. The Hon'ble Minister from Kerala observed that the financial structure of the country was traditionally biased in favour of the Centre and it was not moving in a fairer direction. He suggested to retain a 40% slab and to take weighted average of tax rate which would be less than 17%. The popular perception of a high rate GST structure could be dispelled by this means. He further observed that the GST rate as well as the number of slabs would come down over a period of time but presently a 40% slab rate should be kept for goods being currently taxed in that bracket. He observed that a shortfall of Rs. 17,000 crores of compensation could be accommodated in view of the forecast of better economic growth and tax buoyancy post GST rollout. He also observed that the Central Government could resort to borrowing of fund to tide over any shortfall. He strongly urged the Hon'ble Chairperson to agree to his suggestion in a spirit of cooperative federalism.

26. The Hon'ble Minister from Jammu & Kashmir observed that as States were insulated for the next five years with an assured 14% revenue growth, this issue need not be discussed much. The Hon'ble Minister from Tamil Nadu stated that they did not want dependency on compensation as they had to survive on their own after five years. The Hon'ble Minister from Odisha and Tamil Nadu also supported the proposal of keeping a GST rate slab of 40%. The Hon'ble Chairperson stated that if compensation was funded from GST, it would not lead to additional tax burden on people. The Hon'ble Minister from Jammu & Kashmir disagreed and stated that it would constitute an additional burden as the incidence of taxation would have been lower without an additional cess. The Hon'ble Minister from West Bengal added that there was higher burden as no input tax credit was available on cess. The Hon'ble Minister from Punjab stated that the Central Government needed to have a cushion if compensation burden on the Centre went beyond Rs. 55,000 crores during the next year, which could occur as inflation rate was likely to be low but the annual revenue growth rate of States had been fixed at 14%.

27. The Hon'ble Minister from Punjab stated that not only food grains, but also fertilisers, insecticides and pesticides should be zero rated. The Hon'ble Minister from Andhra Pradesh supported this suggestion and stated that input supplies for farmers should be at a lower cost so that the farming community did not suffer. The Hon'ble Chief Minister from Puducherry supported the proposal and referred to the dire situation of the farmers and the instances of farmer suicides. The Hon'ble Minister from Bihar also supported the proposal. The Hon'ble Chairperson clarified that there was a difference in zero rated goods and exempted goods. If a product was kept at zero rate, the

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implication was that all input taxes embedded in the product would need to be refunded. The revenue implication for this would need to be studied. The Secretary to the Council added that food grains being tax exempt was not the same as being zero rated. He added that as per the present policy, there was no zero rating for any commodity except when they were exported or supplied to a Special Economic Zone (SEZ). The Hon'ble Minister from Bihar stated that the thrust of the suggestion was that there should be no additional burden on the farmers. The Hon'ble Ministers from Andhra Pradesh and West Bengal also stated that basically there should be no tax on agriculture produce. The Hon'ble Minister from Meghalaya supported the suggestion of the Hon'ble Minister from Punjab and stated that while fixing tax on different commodities, farmers should be given special attention.

28. The Hon'ble Minister from Punjab suggested that the surplus amount left in the Compensation Fund at the end of the five year compensation period should be shared in the proportion of the contribution of cess by the States in the Compensation Fund, as this would be linked to the consumption in the States and GST was a consumption based tax. The Hon'ble Chairperson observed that this would not be a fair method and that surplus cess amount in the Compensation Fund should be treated as a joint property of the Council for distribution. The Hon'ble Minister from Tamil Nadu stated that surplus compensation amount should be distributed as per the amount of SGST collected by each State. The Hon'ble Minister from Puducherry stated that the sharing arrangement suggested should not be on the basis of the Finance Commission formula.

29. In view of the above discussions, for Agenda item 3, the Council adopted the following decisions in respect of bands of rates of tax in the GST regime and the compensation mechanism for five years:

- (i) There shall be a category of goods which shall be exempt from GST and this would include items like food grains.
- (ii) There shall be a low band of tax rate of 5% and would generally cover goods which presently attract combined tax rate of Central Excise and VAT (including cascading on account of these two taxes) between 3% and less than 9%. Such goods are normally consumed by the vulnerable sections of the society or have high impact on inflation.
- (iii) There shall be a standard tax rate of 12% and would generally cover goods which presently attract combined tax rate of Central Excise and VAT (including cascading on account of these two taxes) between 9% and less than 15%.
- (iv) There shall be another standard tax rate of 18% and would generally cover goods which presently attract combined tax rate of Central Excise and VAT between 15% and less than 21% (including cascading on account of these two taxes).

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(v) There shall be a higher band of tax rate of 28% and would generally cover goods which presently attract combined tax rate of Central Excise and VAT equal to or more than 21% (including cascading on account of these two taxes).

(vi) Supply of services shall generally be taxed at the rate of 18%.

(vii) To generate resources to compensate States for five years for any loss of revenue suffered by them on account of implementation of GST, a cess shall be levied on goods such as luxury cars, aerated drinks, pan masala and tobacco products, over and above the rate of 28%. For the goods chargeable to cess, the rate of cess shall be such so as to generally maintain the present incidence of taxation on them.

(viii) A Compensation Fund shall be created in public account and cess revenue shall be credited to it.

(ix) The Clean Environment Cess on coal, peat and lignite shall continue to be levied and its proceeds shall go to the Compensation Fund. If required, the name and purpose of this cess shall be changed.

(x) The National Calamity Contingency Duty (NCCD) shall continue to be levied and its proceeds shall continue to be allocated to the National Disaster Relief Fund (NDRF).

(xi) Cess shall be part of the Compensation Act and it shall have a sunset clause of five years.

(xii) Any residual amount left in the Compensation Fund after the five year compensation period shall be shared in the ratio of 50% each for the Central Government and the State Governments. In the 50% share of the States, the amount shall be distributed to the individual States based on their share of all-India collection of SGST.

(xiii) There shall be a review every year by the Council to examine if, based on the need for compensation, cesses levied for compensation purpose could be subsumed into the GST tax net. Similarly, additional cesses can be imposed by the Council to meet the requirement of compensation.

(xiv) A Committee of officers of the Central Government and the State Governments shall carry out an exercise of fitment of goods in the various slab rates, namely exempted category, lower rate, the two standard rates and the higher rate on the basis of the principles enumerated at serial number (i) to (v) above, which are indicative in nature and are not fixed rules. While doing the fitment in the slab rates of 12% and 18%, the Committee of officers shall take into account the current economic and social realities. This Committee of officers shall also examine as to what items are presently attracting combined VAT and Central Excise tax rate of 28% or above and could be put into 18% rate slab taking into account the present context in which goods earlier considered as luxuries are

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now largely used by all segments of the society. The Committee shall bring the outcome of this exercise to the Council for further decision.

(xv) The rate of tax on gold shall be decided by the Council after the completion of the fitment exercise as mentioned at serial number (xiv) above.

Agenda Item 4: Provision for Cross-Empowerment to ensure Single Interface under GST (Outstanding agenda item from the 3rd GST Council Meeting)

30. This agenda item was taken up for discussion on 4 November, 2016. Initiating the discussion, the Secretary to the Council brought to the notice of the Members that the GSTN had earlier shared data of the existing taxpayers under VAT, Central Excise and Service tax as on 01.01.2016 and in the 3rd GST Council meeting held on 18-19 October 2016, the States were requested to send updated data upto 31 August 2016. He informed that while 19 States had sent updated data, the data from other States was only upto 1st January 2016. He further informed that turnover wise segmented data of the taxpayers and the tax paid was available from 14 States and that there was a mismatch in the number of total taxpayers as given in this data when compared to the earlier data given by the States to the GSTN. Therefore, there was a need to match these two data sets. He recalled that in the last meeting of the Council, five options were placed before the Council to achieve single interface under GST and out of these, the first three options stood eliminated on account of various considerations like unacceptability to either the Central Government or the State Governments or due to practical problems like distinguishing between the suppliers of goods and services as for restaurant. He suggested considering Option IV or V. He pointed out that keeping in view the fact that GST would work in a highly automated environment, it could work on the same model as the Direct Tax where the assessee did not know his assessing officer unless his return was picked up for scrutiny. The Option IV was based on this concept, in which an upper cap of 5% could be put for auditing the taxpayers. This 5% could be chosen on the basis of risk parameters and then divide such assessees between the Central and the State administrations at the State level based on factors like the nature of business, geographical proximity, etc. The Option V envisaged dividing the taxpayer base on some ratio in order to facilitate the taxpayer to know who would be his assessing officer. He expressed that as Indirect tax was also moving towards minimal human interface, it might not be relevant to provide for a system where the taxpayer has to be looked after by a particular tax jurisdiction.

31. Initiating the discussion, the Hon'ble Minister from Tamil Nadu stated that earlier the Option II (all taxpayers below a turnover of Rs. 1.5 crores to be administered by State administration and to follow cross empowerment model of Option IV for taxpayers above the turnover of Rs. 1.5 crores) was eliminated due to the logic of a large number of taxpayers going into the jurisdiction of the State tax administration. He stated that the veracity regarding the number of taxpayers needed to be tested due to fundamental difference in the numbers presented by the Hon'ble Minister from West Bengal and the Central administration. He therefore suggested that Option II should also remain on the table. The Hon'ble Minister from Andhra Pradesh supported Option II. He added that the cap of 5% audit suggested in Option IV was acceptable and that the selection of 5% for audit should be done on a computerised basis. He added that all suppliers of services below Rs. 1.5 crore turnover should also

be with the States and the issue of taxpayers paying composite tax on goods and services could be discussed further. He also suggested that IGST should be considered to be with the States for administration purpose. The Hon'ble Minister from UP recalled the decision of the Empowered Committee where it was decided that administration of taxpayers below the threshold of Rs. 1.5 crores should entirely be with the States. The Hon'ble Deputy Chief Minister from Delhi supported this suggestion and also added that audit should be capped at 5% and that the taxpayers for this should be selected on the basis of data analysis and not randomly.

32. The Hon'ble Minister from West Bengal recalled the unanimous decision of the Empowered Committee that taxpayers with turnover below Rs. 1.5 crore shall be with the States for both goods and services and those above Rs. 1.5 crore turnover could be administered on the basis of cross-empowerment with a 5% cap on audit. He stated that by following this approach, taxpayers accounting for only 7.3% of revenue shall be below Rs. 1.5 crores and taxpayers accounting for 92.7% of revenue would be administered under cross-empowerment model. The Hon'ble Chief Minister from Puducherry supported Option II for taxpayers below Rs. 1.5 crore turnover and for taxpayers above Rs. 1.5 crore turnover, he proposed an equal division between the Central and the State tax administrations. He stated that there should be a via media under which neither the Centre nor the State should suffer. The Hon'ble Minister from Bihar suggested that for three years, retailers of goods should be with the State administration and service providers and manufacturers should be with the Central administration. This arrangement could be reviewed after three years.

33. The Hon'ble Minister from Telangana supported Option II for taxpayers with turnover of below Rs. 1.5 crores and Option IV for taxpayers with turnover above Rs. 1.5 crores. The Hon'ble Minister from Meghalaya also supported this proposal. He observed that officers from the Central Government were not present in Meghalaya and this was also borne by the ongoing GST training in his State in which the Central Government officers were not present. The Chairman CBEC clarified that the situation would be addressed in the reorganization of CBEC post-GST. The Hon'ble Minister from Odisha supported Option II. The Hon'ble Minister from Kerala stated that clearly the sense of the House was to go for Option II for taxpayers with turnover of below Rs. 1.5 crores and Option IV for taxpayers above this turnover. He suggested that the audit sample should be 10% and not 5%.

34. The Hon'ble Minister from Chhattisgarh observed that Option IV was the most preferable. However keeping in view the apprehensions of the small taxpayers, earlier Option III was decided upon. However, keeping in view the difficulties expressed in distinguishing between supplies of goods and services and the apprehensions of the small taxpayers, he suggested that for 3 years, Option III could be adopted with the modification that the three categories of taxpayers dealing both in goods and services, namely works contractors, restaurants and hotels could be administered by the State Governments. The Chairman CBEC stated that the Central Government's suggestion to adopt Option IV needed to be viewed in a broader context. He pointed out that registrations were to be done by GSTN and all registrations were deemed to be done within three working days and were sent to the respective States. Similarly payments were done on the GSTN and it went to the respective States. The GSTN also handled the front-end process for return including throwing up

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mismatches for the input tax credit claims. He emphasized that as the basic processes were taken care of by the GSTN, there was a move towards a system where the taxpayers need not know his administrator. He further pointed out that the areas of contact were limited to returns or mismatches and for this, administrations could proceed further by scrutiny or audit process. He further pointed out that enforcement needed to be handled independently. He urged that in a scenario where interaction was reduced, Option IV was the most desirable in which both administrations would administer the entire tax base but they would largely be driven by concerns of audit and information. This would also give the taxpayers an assurance that the administration would approach them only when there was a need to do so. He further pointed out that for routine issues, a taxpayer could go to the administration with which he was most comfortable with. He also pointed out that in Direct Tax, all returns landed in Bengaluru and in Customs, all Bills of Entry landed in Mumbai., though they might have been filed in Tuticorin or Haldia and then, if needed, an alert was sent to Tuticorin or Haldia. The Hon'ble Chairperson observed that in the GST system, all returns would land in GSTN where analysis would be by computers and suspicious returns would be thrown up for scrutiny. He observed that out of total 1 crore taxpayers, only about 5 lakh taxpayers would require scrutiny and the issue to be examined was how work would be divided for these 5 lakh taxpayers. He observed that due to use of Information Technology, work would get reduced for both the Central and the State administrations and that he had received a suggestion that in the long run, there should be convergence of Services by creating a GST cadre of officers. However, till such a thing happened, one needed to look at ways to carry out a division of work in such a way that services of both the Central and the State officers could be utilised optimally.

35. The Hon'ble Minister from Tamil Nadu observed that the ownership of various key processes in GST like education of assesseees, direction for compliance, data enabling in GSTN, software development, system integration, troubleshooting, course correction and grievance handling would become very weak if either Option IV or V was adopted. He cautioned that none of the above processes should fall between the tools. The Chairman CBEC stated that all the above processes were also to be done for taxpayers with turnover above Rs. 1.5 crores for which cross-empowerment was being considered. The Hon'ble Minister from Tamil Nadu observed that these processes could not be done from remote locations. The Hon'ble Minister from UP observed that the number of taxpayers and the complexity involved was high and the CBEC had limited bandwidth. He emphasised the importance of co-location of taxpayer and the tax administration. The Hon'ble Chairperson stated that in goods, the threshold limit for payment of Central Excise duty was turnover of more than Rs. 1.5 crore, whereas the State tax administration was dealing with small retailers. In Service tax, the Central administration was dealing with all taxpayers above the turnover threshold of Rs. 10 lakhs. He stated that the formulation for single interface in the 1st GST Council meeting was made keeping these realities into account. However, given the objections raised by the Hon'ble Minister from West Bengal and the problems of lack of distinction between goods and services for certain sectors like works contracts and restaurants, one option could be to consider the proposal made by the Hon'ble Minister from Chhattisgarh. He also shared the apprehensions expressed to him by large service tax taxpayers regarding the inadequate capacity of the State tax administrations in the area of service tax and their unease in getting their returns assessed by them.

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He suggested that keeping these aspects in mind, an optimally acceptable solution needed to be worked out while the entire assessment process could converge eventually.

36. The Hon'ble Minister from U.P. stated that the concerns regarding large service providers could be addressed by algorithm based allocation of taxpayers. He observed that the small States might lack capacity in Service Tax and it could be provided that service taxpayers above a certain threshold could be assessed by State tax officers of only certain specified States. The Hon'ble Minister from Jammu & Kashmir stated that his State tax administration had been administering service tax and auditing large service tax taxpayers like Airtel. He further observed that the issue was essentially a turf battle and this could be addressed by taking a decision in the Council to create a federal tax bureaucracy based on competencies of the Central and State tax administrations in two years' time. For the first two to three years, an interim arrangement could be worked out. The Hon'ble Minister from Tamil Nadu stated that States had their own system of giving identity to goods and migrating this to the Harmonised System of Nomenclature (HSN) would be a huge challenge. He added that identity alignment of goods could not be done centrally and manufacturers in small sector would require a sense of ownership from the State tax department. The Hon'ble Minister from West Bengal observed that all major Banks as also eighteen telecom companies were registered with the State tax administration in his State for various activities like building telecom towers, obtaining way bills, disposing scrap etc. The Hon'ble Chairperson observed that these activities related to goods and service tax assessment was altogether a different matter.

37. The Hon'ble Finance Minister from West Bengal reminded that the States had ceded control over retailers above the turnover of Rs. 1.5 crores and therefore they should be given exclusive jurisdiction over taxpayers below the turnover of Rs.1.5 crores. The Hon'ble Minister from Kerala stated that the Council should not revisit the decision on this issue arrived at in the 1st Council meeting. The only issue left for decision was in respect of services and even if service providers below the turnover threshold of Rs. 1.5 crores were given to States, the Central Government would still have an additional number of taxpayers. The Hon'ble Chairperson observed that the observation might hold good for the quantum of tax, but not for the number of taxpayers. The Hon'ble Deputy Chief Minister of Delhi observed that in Delhi while the number of taxpayers below the turnover of Rs. 1.5 crore was 85%, they only accounted for 5% of revenue and that the 15% of taxpayers above the turnover of Rs. 1.5 crore accounted for 95% of revenue. The Hon'ble Minister from U.P. observed that even if registration of a taxpayer was automatic, co-location was important to ensure raising of demand where tax was not paid. The Hon'ble Minister from Telangana also supported the proposal to allow taxpayers below the turnover of Rs. 1.5 crore to be administered by States.

38. There was a discussion on the number of taxpayer base. Shri Upender Gupta, Commissioner, GST, CBEC stated that the total PAN matched taxpayer base which would be migrated to GST was around 117 lakhs. He further mentioned that GSTN had informed that out of 117 lakh taxpayer presently registered Central Excise, Service Tax and VAT, PAN had been verified in case of 93 lakh taxpayers and all these 93 lakh taxpayers would be migrated in GST and GSTIN would be provided on a provisional basis. He requested that decision about taxpayers might be taken on this basis. The

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Hon'ble Deputy Chief Minister from Gujarat observed that the numbers would go down if one took into account the revised taxable threshold of turnover above Rs. 20 lakhs. The Hon'ble Chairperson observed that several taxpayers below this threshold might also like to get registered to take advantage of the input tax credit chain. The Hon'ble Minister from Bengal observed that this number might not exceed 20%. The Chief Economic Advisor cautioned that too much interaction between the taxpayers and the tax administration would lead to harassment and corruption. He expressed that for small taxpayers, 97% should have self-assessment and only the remaining 3% should be audited. The Hon'ble Minister from Punjab observed that if the basis of cross-empowerment was revenue, then Option II was viable and if it was to be on the basis of numbers, then two-third of the taxpayers should be with the States and one-third should be with the Centre. The Hon'ble Minister from Bihar suggested that further work could be done on this subject before arriving at the final opinion and a committee could be constituted for it. The Hon'ble Minister from Maharashtra supported this proposal and suggested to make a committee of officers to examine this issue further and to also hear the stakeholders in the matter. The Hon'ble Chairperson observed that every argument had a basis but the issue would need to be now decided politically. He observed that while there might be corresponding pressure from the tax administrations of the Central and the State Governments to retain the maximum number of taxpayers, the basic point to be kept in mind was that resources of the Centre and the States must be used optimally to ensure that everyone had optimum work.

39. The Hon'ble Minister from Tamil Nadu raised a different issue. He observed that if increasing the exemption threshold to Rs. 20 lakhs implied removing 70% of the taxpayer base, then the issue of threshold needed to be looked at afresh. The Secretary to the Council stated that there was not much revenue loss by raising the threshold from Rs. 10 lakhs to Rs. 20 lakhs. He recalled the discussion of the 1st Council meeting of 22-23 September 2016 where the issue of exemption threshold was decided and then it was pointed out that the figures collected from the States indicated that more than 60% of the traders had a turnover of less than Rs. 25 lakhs annually, but they contributed to only 2% of the revenues, which resulted in a high cost of collection. Similarly in case of services, around 70% of taxpayers had a turnover of less than Rs. 25 lakhs annually and they contributed to less than 3% of the total service tax paid. The Hon'ble Minister from Karnataka also advised against revisiting the exemption threshold and pointed out that in his State, around 60% - 65% assessee fell within the bracket of a turnover of upto Rs. 20 lakhs and they accounted for only 1% of the revenue. The Hon'ble Minister from U.P. stated that in his State, only 3% of revenue was accounted for by taxpayers upto a turnover of Rs. 20 lakhs. The Hon'ble Minister from Telangana observed that the decision regarding exemption threshold of Rs. 20 lakhs was taken to take small taxpayers out of the tax base.

40. The Hon'ble Minister from Karnataka agreed with the earlier observation of the Hon'ble Minister from Jammu & Kashmir that this subject involved a fair bit of turf issue. He observed that as fairly large number of potential assessee were outside the tax net, the most important priority was to bring them into the tax net through enforcement action and for this, both administrations needed to work together to expand the taxpayer base. He observed that another priority for the administrations should be to reduce harassment and public interface which could be achieved by preventing a

division of the taxpayers between the Central and the State tax administrations. He suggested taking a leap of faith and to cross-empower the Central and the State tax administrations across the supply chain. He stated that this would not lead to any loss; rather everyone would be better off. He also observed that 80%-90% of taxpayers going to one administration was not equitable. The Hon'ble Minister from Uttar Pradesh observed that 40% of the taxpayers would go out of the tax net after increase in taxable threshold to Rs. 20 lakhs. The Hon'ble Minister from Jharkhand supported Option IV and expressed that this issue be decided today itself. The Hon'ble Chairperson observed that the House needed to work on a model which kept both the tax administrations fruitfully busy and may be a sixth model could be explored for an equitable distribution of work. He further observed that distribution of taxpayers should not be one sided both by the number of taxpayers and the quantum of revenue.

41. The Hon'ble Minister from West Bengal strongly stated that the proposed division would be equitable taking into account the proportion of tax officials of the Centre and the States where the State officials were possibly five times more than the Central officials. The Hon'ble Deputy Chief Minister of Delhi stated that eventually the tax administration of the Centre and the States needed to be converged. He also suggested to have a policy of deputation of officers between the Centre and the States and cautioned against the decision becoming a victim of the number of people employed in the tax administrations of the Centre and the States. The Hon'ble Minister from Kerala stated that he was taken aback at the debate and wondered why a compromise could not be reached on this issue when the same could be reached on a more important issue of tax rates. He urged the Hon'ble Chairperson not to be influenced by the Central bureaucracy and to go by his earlier decision of accepting a horizontal division of taxpayers. The Hon'ble Chairperson observed that the horizontal division did not have adequacy of numbers in respect of both the administrations. He further observed that the States' bureaucracy was also making a lot of statements to influence the decision. He again emphasized the need to ensure adequacy of work for both the administrations.

42. There was a discussion regarding the data of taxpayers particularly the number of taxpayers and the tax amount that would go out of the tax net due to increase in the taxable threshold from Rs. 10 lakhs to Rs. 20 lakhs. The Hon'ble Minister from West Bengal stated that for goods, about 38 lakh taxpayers would go out of the tax net out of 67 lakhs taxpayers. On the services side, he stated that about 20 lakh taxpayers would go out of the tax net out of 28.5 lakh taxpayers but the amount of revenue involved was not known. The Hon'ble Minister from Tamil Nadu observed that if after increasing the taxable threshold, 20 lakh Service Tax taxpayers were to go out of the tax net, and only 90,000 Service Tax taxpayers were to be left below the turnover of Rs. 1.5 crore, then such assesseees would avoid payment of tax by splitting up their operations.

43. The House felt that to take a decision in this matter, more data was required and that it could be shared after the lunch break. Post lunch break, the Secretary to the Council shared some relevant data with the House. He informed that the total number of existing taxpayers was around 93 lakhs, out of which VAT dealers were around 63 lakhs, Service Tax taxpayers were around 26 lakhs and Central Excise taxpayers were around 4 lakhs. He further informed that the total number of taxpayers with a

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turnover below Rs. 20 lakhs was around 54 lakhs and out of this, VAT dealers were around 36 lakhs, Service Tax taxpayers were around 17 lakhs and Central Excise assesseees were around 1 lakh. He further stated that the total number of taxpayers below the turnover threshold of Rs. 1.5 crore was 79 lakhs and out of this, VAT dealers were around 54 lakhs (out of this, around 36 lakhs had a turnover below Rs. 20 lakhs), Service Tax taxpayers were around 23 lakhs (out of this, around 17 lakhs had a turnover below Rs. 20 lakhs) and Central Excise assesseees were around 2 lakhs (out of this, around 1 lakh had a turnover below Rs. 20 lakhs). The total taxpayers above the turnover of Rs. 1.5 crore was around 14 lakhs and out of this, VAT dealers were around 9 lakhs, Service Tax taxpayers were around 3 lakhs and Central Excise assesseees were around 2 lakhs. He stated that going by these numbers, 85% taxpayers were below the turnover of Rs. 1.5 crore and 15% were above it. He further stated that information regarding revenue in these segments was not available. He also stated that the data regarding the number of taxpayers between the turnover of Rs. 10 lakhs and Rs. 20 lakhs was not available. The Secretary to the Council added that irrespective of the method of division, both administrations should be empowered to take information based enforcement action and there should be no exclusion of jurisdiction.

44. The Hon'ble Minister from West Bengal once again strongly reiterated that based on the data shared by the Secretary to the Council, the proposed division of taxpayers was equitable on the basis of proportionality of the strength of the officers. The Hon'ble Deputy Chief Minister of Gujarat made an alternate suggestion that there should be no threshold ceiling of Rs. 1.5 crore and the taxpayers paying all three taxes could be divided in the ratio of two-third to the States and one-third to the Centre. The Hon'ble Minister from Kerala opposed this suggestion of vertical division. He observed that the Central tax administration did not have officers to reach tax payers at the taluka and the block level and the revenue paid by the taxpayers below Rs. 1.5 crore turnover was very small. The Hon'ble Minister from Telangana also supported this view and observed that the State officers were present in every nook and corner of the State and experienced officers could deal with large taxpayers. The Hon'ble Minister from Tamil Nadu also opposed the proposal of the Hon'ble Deputy Chief Minister of Gujarat and stated that this would lead to considerable loss of taxpayer base to the States. The Hon'ble Minister from Assam supported the proposal of the Hon'ble Deputy Chief Minister of Gujarat and reminded the House that the Central Government had always handled the Service Tax taxpayers below Rs. 1.5 crore. He observed that there was expertise in the administrations of the Central and the State Governments and both should be used. The Hon'ble Minister from Maharashtra and the Hon'ble Chief Minister of Puducherry also supported the proposal of the Hon'ble Deputy Chief Minister of Gujarat. The Hon'ble Chief Minister of Puducherry observed that with Rs. 20 lakh taxable threshold, a large number of taxpayers would go out of the tax net and the officers of the State and the Central Governments needed to be fully involved in the administration of GST. He further observed that the discussions also needed to focus on how to check tax evasion.

45. The Hon'ble Minister from Tamil Nadu suggested to revisit the taxable threshold for goods and services and take it back to Rs. 10 lakhs and then adopt Option II. The Hon'ble Minister from U.P. observed that the intention behind keeping taxpayers below Rs. 1.5 crore turnover with the States

was that such taxpayers were located in small cities and they could interact in the same language with the officers. The Hon'ble Chairperson stated that in a situation where 85% of taxpayers were below Rs. 1.5 crore turnover and 15% were above it, Option II would not lead to optimum sharing of work. The Hon'ble Minister from Punjab observed that in terms of revenue, both the Centre and the States collected 50% whereas the present taxpayer base with States was 65% and that with the Centre was 35%. Keeping this in view, he suggested to do a vertical division of taxpayers in the ratio of two-third for the States and one-third for the Centre. He suggested that such a division could be based on an algorithm. The Hon'ble Deputy Chief Minister of Gujarat supported this proposal and suggested that the small taxpayers could be kept with the States. The Hon'ble Minister from West Bengal observed that the State Governments had their manpower in small talukas but the Central administration had none. The Hon'ble Chairperson observed that the Union of India should be involved in the administration of its taxes. The Hon'ble Minister from Kerala observed that the horizontal division principle for goods was a firm decision of the 1st meeting of the Council and the demand was to apply this decision to services looking at the number of Service Tax taxpayers. The Hon'ble Minister from Jharkhand stated that the method of division on the basis of Rs. 1.5 crore turnover or a vertical two-third/one-third division looked the same. The Hon'ble Minister from Tamil Nadu stated that if taxpayer base was reducing by 42%, there was a need to look at the existing workforce and the possibility of redeploying one-third of the workforce of both the Central and the State tax administrations. However, subsequently he also observed that the entire taxpayer base might not shrink because dealers making inter-State supply would need to be registered irrespective of the turnover threshold.

46. The Hon'ble Minister from Chhattisgarh reiterated his proposal to go by the decision of the 1st meeting of the Council with the modification that the taxpayers in the sectors of hotel, restaurant and works contract should be with the States. The Hon'ble Minister from Karnataka suggested to add Information Technology to this list as they also paid a big component of VAT. The Hon'ble Minister from Jammu & Kashmir suggested to go with the suggestion of the Hon'ble Minister from Tamil Nadu or have one-third/two-third division. He also suggested to start work on a federal tax bureaucracy. The Hon'ble Minister from Tamil Nadu also requested to provide data regarding the number of taxpayers and the revenue that would go out of the tax net due to increase in exemption threshold from Rs. 10 lakhs to Rs. 20 lakhs.

47. The Hon'ble Chairperson summing up the discussion observed that broadly two suggestions had emerged: one was to have a horizontal division with taxpayers below Rs. 1.5 crore turnover to be with the States and those above to be administered on cross-empowerment model and the second was to divide the taxpayers vertically between the Centre and the State administrations. He observed that these two options or a mix of the two needed to be further discussed informally to find a political solution. He suggested to have an informal meeting of all State Ministers on 20 November, 2016 in New Delhi to discuss this issue. This was agreed to unanimously.

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48. In view of the above discussions, for Agenda item 4, the Council adopted the following decision: to defer decision on the issue of provision for Cross-Empowerment to ensure Single Interface under GST and to meet informally on 20 November, 2016 to find a solution for this issue.

Agenda item 5: Date of the next meeting of the GST Council

49. The Chairperson informed that as the Model GST Law was not yet ready, the proposed meeting of the Council on 9-10 November, 2016 would not be held. Instead he proposed that the Council could meet on 24-25 November, 2016 from 3 PM to 8 PM on both days as this would give sufficient time to complete the work on Model GST Law and to present it for Council's consideration. The Council agreed to this suggestion.

50. The meeting ended with a vote of thanks to the Chair.

(Arun Jaitley)
Chairperson, GST Council

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Annexure 1

(List of the Hon'ble Members of the GST Council who attended the 4th GST Council Meeting)

<u>S No.</u>	<u>Centre/State/UT</u>	<u>Name of Minister</u>	<u>Designation</u>
1	Government of India	Shri Arun Jaitley	Union Minister of Finance and Corporate Affairs
2	Government of India	Shri Santosh Kumar Gangwar	Union Minister of State for Finance
3	Puducherry	Shri V Narayanasamy	Chief Minister
4	Delhi	Shri Manish Sisodia	Deputy Chief Minister
5	Goa	Shri Francis D'Souza	Deputy Chief Minister
6	Gujarat	Shri Nitinbhai Patel	Deputy Chief Minister
7	Andhra Pradesh	Shri Yanamala Ramakrishnudu	Minister of Finance, Planning & Commercial taxes
8	Assam	Shri Himanta Biswa Sarma	Minister of Finance
9	Bihar	Shri Bijendra Prasad Yadav	Minister for Commercial Taxes
10	Chhattisgarh	Shri Amar Agrawal	Minister of Commercial Taxes
11	Himachal	Shri Prakash Chaudhary	Minister for Excise and Taxation
12	Jammu and Kashmir	Dr Haseeb A. Drabu	Minister of Finance
13	Jharkhand	Shri C.P. Singh	Minister, Urban Development, Housing & Transport
14	Karnataka	Shri Krishna Byregowda	Minister for Agriculture
15	Kerala	Dr. T M. Thomas Isaac	Minister of Finance
16	Maharashtra	Shri Sudhir Mungantiwar	Minister of Finance
17	Meghalaya	Shri Zenith M. Sangma	Minister of Taxation
18	Mizoram	Shri Lalsawta	Minister of Finance
19	Odisha	Shri Pradip Kumar Amat	Minister of Finance
20	Puducherry	Shri M.O.F.H. Shahjahan	Minister for Revenue
21	Punjab	Shri Parminder Singh Dhindsa	Minister of Finance
22	Rajasthan	Shri Rajpal Singh Shekhawat	Minister for Local Self Government & Urban Development
23	Sikkim	Shri R.B. Subba	Minister for HRD, Law & Parliamentary Affairs
24	Tamil Nadu	Shri K.Pandiarajan	Minister for School Education & Sports & Youth Welfare
25	Telangana	Shri Etela Rajender	Minister of Finance
26	Tripura	Shri Bhanu Lal Saha	Minister of Finance
27	Uttar Pradesh	Shri Abhishek Mishra	Minister for Vocational Education and Skill Development
28	West Bengal	Dr. Amit Mitra	Minister for Finance and Excise

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Annexure 2

(List of officers from the Centre and States who attended the 4th GST Council Meeting)

<u>S No.</u>	<u>Organization</u>	<u>Name of Officer</u>	<u>Designation</u>
1	Govt of India and GST Council	Shri Hasmukh Adhia	Revenue Secretary and ex-officio Secretary to the GST Council
2	Govt. of India	Shri Najib Shah	Chairman, CBEC
3	Govt. of India	Shri Ram Tirath	Member (GST), CBEC
4	Govt. of India	Shri B.N. Sharma	Additional Secretary, Department of Revenue
5	Govt. of India	Shri P.K. Mohanty	Advisor (GST), CBEC
6	Govt. of India	Shri Vivek Johri	Principal Commissioner, Customs, Delhi, CBEC
7	Govt. of India	Shri Upender Gupta	Commissioner (GST), CBEC
8	Govt. of India	Shri Alok Shukla	Joint Secretary (TRU), CBEC
9	Govt. of India	Shri Amitabh Kumar	Joint Secretary (TRU), CBEC
10	Govt. of India	Shri Udai Singh Kumawat	Joint Secretary, Department of Revenue
11	Govt. of India	Shri D.S. Malik	Additional Director General, Ministry of Finance
12	Govt. of India	Ms. Aarti Saxena	Deputy Secretary, Department of Revenue
13	Govt. of India	Shri Manu Tentiwal	PS to MoS (Finance)
14	Govt. of India	Shri Paras Sankhla	OSD to Finance Minister
15	Govt. of India	Shri Siddharth Jain	Assistant Commissioner (GST), CBEC
16	GST Council	Shri Arun Goyal	Additional Secretary
17	GST Council	Shri Shashank Priya	Commissioner
18	GST Council	Shri Manish K Sinha	Commissioner
19	GST Council	Ms. Himani Bhayana	Joint Commissioner
20	GST Council	Shri G.S. Sinha	Joint Commissioner
21	GST Council	Shri Santosh Kumar Mishra	Deputy Commissioner
22	GST Council	Shri Rohan	Deputy Commissioner
23	GST Council	Ms. Thari Sitkil	Deputy Commissioner
24	GST Council	Shri Kaushik TG	Assistant Commissioner
25	Andhra Pradesh	Shri J. Syamala Rao	Commissioner, Commercial Tax
26	Andhra Pradesh	Shri T. Ramesh Babu	Additional Commissioner, Commercial Tax
27	Andhra Pradesh	Shri D. Venkateswara Rao	OSD, Revenue
28	Arunachal Pradesh	Dr. Brij Mohan Mishra	Secretary-cum-Commissioner, Tax & Excise

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29	Arunachal Pradesh	Shri Marnya Ete	Commissioner, Industry
30	Assam	Shri Anurag Goel	Commissioner, Tax
31	Bihar	Ms. Sujata Chaturvedi	Principal Secretary-cum-Commissioner, Commercial Taxes
32	Bihar	Shri Arun Kumar Mishra	Additional Secretary, Commercial Taxes
33	Bihar	Shri Ajitabh Mishra	Assistant Commissioner
34	Chattisgarh	Shri Amit Agrawal	Secretary, Finance & Commercial Tax
35	Chattisgarh	Ms. Sangeetha P	Commissioner, Commercial Taxes
36	Chattisgarh	Shri S.L. Agrawal	Additional Commissioner, Commercial Taxes
37	Delhi	Shri H. Rajesh Prasad	Commissioner, VAT
38	Delhi	Shri R.K. Mishra	Special Commissioner, Policy
39	Delhi	Anand Tiwari	Joint Commissioner, VAT
40	Goa	Shri Dipak Bandekar	Commissioner, Commercial Tax
41	Gujarat	Dr. P.D. Vaghela	Commissioner, Commercial Tax
42	Gujarat	Ms. Mona Khandhar	Secretary (Economic Affairs)
43	Haryana	Shri Sanjeev Kaushal	Additional Chief Secretary
44	Haryana	Shri Shyamal Misra	Commissioner, Excise & Taxation
45	Haryana	Shri Vidya Sagar	Joint Commissioner, Excise & Taxation
46	Himachal Pradesh	Shri Sanjay Bhardwaj	Additional Commissioner, Excise & Taxation
47	Himachal Pradesh	Shri K.L. Negi	OSD to Excise & Taxation Minister
48	Jammu & Kashmir	Shri Navin K. Choudhary	Finance Secretary
49	Jammu & Kashmir	Shri P.I. Khateeb	Commissioner, Commercial Taxes
50	Jammu & Kashmir	Shri P.K. Bhat	Additional Commissioner, Commercial Taxes (Tax Planning)
51	Jharkhand	Shri Ranjan Kumar Sinha	Joint Commissioner, Commercial Taxes
52	Jharkhand	Shri Sanjay Kumar Prasad	Deputy Commissioner, Commercial Taxes
53	Karnataka	Shri Ritvik Pandey	Commissioner, Commercial Taxes
54	Kerala	Shri P. Marapandiyam	Additional Chief Secretary, Taxes
55	Kerala	Shri Rajan Khobragade	Commissioner, Commercial Taxes
56	Madhya Pradesh	Shri Raghwendra Kumar	Commissioner, Commercial Taxes
57	Madhya Pradesh	Shri Sudip Gupta	Deputy Commissioner, Commercial Taxes
58	Maharashtra	Shri Rajiv Jalota	Commissioner, Commercial Taxes
59	Maharashtra	Shri Rajendra Bhagat	Deputy Secretary (Finance)
60	Manipur	Shri T. Ranjit Singh	Commissioner, Commercial Taxes
61	Manipur	Shri R.K. Khurkishor	Assistant Commissioner, Taxes

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62	Meghalaya	Shri Abhishek Bhagotia	Commissioner, Taxes
63	Meghalaya	Shri L. Khongsit	Assistant Commissioner, Taxes
64	Mizoram	Shri C. Vanlal Chhuana	Commissioner, Taxes
65	Mizoram	Shri H. Hrangthanmawia	Superintendent, Taxes
66	Nagaland	Asangba Chuba Ao	Commissioner, Taxes
67	Odisha	Shri Tuhin Kanta Pandey	Principal Secretary (Finance)
68	Odisha	Shri Saswat Mishra	Commissioner, Commercial Taxes
69	Odisha	Shri Sahadev Sahoo	Joint Commissioner, Commercial Taxes
70	Puducherry	Shri G. Srinivas	Commissioner, Commercial Taxes
71	Punjab	Shri D.P. Reddy	Additional Chief Secretary (Taxation)
72	Punjab	Shri Rajat Agarwal	Excise & Taxation Commissioner
73	Punjab	Shri Pawan Garg	Assistant Commissioner
74	Rajasthan	Shri Prem Singh Mehra	Principal Secretary (Finance)
75	Rajasthan	Shri Praveen Gupta	Secretary (Finance)
76	Rajasthan	Shri Alok Gupta	Commissioner, Commercial Taxes
77	Rajasthan	Shri Vinod Sharma	Additional Commissioner (GST), Commercial Taxes
78	Rajasthan	Shri Dinesh Rakhecha	Assistant Commissioner (GST), Commercial Taxes
79	Sikkim	Ms. Dipa Basnet	Commissioner, Commercial Taxes
80	Sikkim	Shri Manoj Rai	Joint Commissioner, Commercial Tax
81	Tamil Nadu	Shri C. Chandramouli	Additional Chief Secretary, Commercial Taxes
82	Tamil Nadu	Shri D. Soundararajapandian	Joint Commissioner, Taxation
83	Telangana	Shri Ajay Mishra	Special Chief Secretary
84	Telangana	Shri Anil Kumar	Commissioner, Commercial Taxes
85	Telangana	Shri Laxminarayan Jannu	Joint Commissioner, Policy
86	Tripura	Shri M. Nagaraju	Principal Secretary (Finance)
87	Uttar Pradesh	Shri Mukesh Kumar Meshram	Commissioner, Commercial Taxes
88	Uttar Pradesh	Shri S.C. Dwivedi	Special Secretary
89	Uttar Pradesh	Shri Vivek Kumar	Additional Commissioner, Law
90	Uttarakhand	Shri Amit Singh Negi	Secretary (Finance)
91	Uttarakhand	Shri Ranveer Singh Chauhan	Commissioner, Taxes
92	Uttarakhand	Shri Piyush Kumar	Additional Commissioner, Commercial Tax
93	West Bengal	Shri H. K. Dwivedi	Principal Secretary, Finance
94	West Bengal	Ms. Smaraki Mahapatra	Commissioner, Commercial Tax
95	West Bengal	Shri Khalid A Anwar	Senior Joint Commissioner, Commercial Tax
96	GSTN	Shri Navin Kumar	Chairman
97	GSTN	Shri Prakash Kumar	CEO